Meet The Financial Institution Representative

Overview:

This lesson will introduce students to your partner financial institution representative and each student will have the opportunity to open a savings account at the financial institution. It is recommended this lesson come after Lessons 1-4, but it may be moved up in the sequence to enable savings accounts to be set up earlier in the semester/year.

Preparation/Materials:

Financial institution representative: Bring savings account passbooks for each student, a savings account application form for each student, a brochure from your financial institution for each student and a letter to parents explaining the Bank At School program. This letter will vary according to the policies of each financial institution, but it should include the minimum initial deposit, minimum *(if any)* subsequent deposits, maximum *(if any)* deposits, a list of the scheduled bank days, and state the financial institution's opening dollar contribution for each account if your financial institution has decided to help the students get started. This will be a great opportunity for parents to become familiar with the program and your financial institution.

Teacher: Check out ***Alexander, Who Used to Be Rich Last Sunday*** from your school library.

Objectives:

- Students will be able to fill out a savings deposit slip correctly.
- Students will apply for a savings account at the participating financial institution.

State Learning Standards/Benchmarks: 1.C.1f; 4.A.2b

Introduction:

- Ask students "What is saving?" *(Saving is income not spent now.)*
- Explain: "People often save some of their income regularly with a particular goal in mind. Savings goals can be short-term or long-term."
- Ask students to give examples of short-term goals. Goals might include saving for a pair of jeans, new shoes, or a new CD.
- Ask students to give examples of longer-term goals. Goals might include saving to buy a car or saving for college.

- Explain that before financial institutions were common people often hid their savings. They might have buried it in the ground, hidden it under a floor plank, or stuck it under their mattress. Today, most people keep their savings in a financial institution. Financial institutions offer special accounts for savers called ***savings accounts***. Savings accounts are useful for several reasons:

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1. They offer a safe place for people to keep their savings.
2. They allow people to earn interest on the amount they save. Interest is a fee the financial institution pays to savers for putting their money in the financial institution - we'll learn more about this in Lesson 6.
3. Even though the financial institution holds your savings, you can withdraw money whenever you need it.

Then take a look at the different types of financial institutions in the market place today:

Commercial banks work with both individuals and businesses. Commercial banks offer many products: savings and checking accounts; mortgage, business and student loans; and often provide investment advice to their clients. Certain banks specialize in business clients only. These banks are sometimes referred to as wholesale banks.

Savings and Loans (S & Ls) are financial institutions which specialize in mortgage or home loans. They generally will offer the same kinds of savings and checking accounts as a financial institution.

Credit Unions are not-for-profit financial cooperatives where all the members share a common affiliation. Perhaps they all work for the same company, go to the same church, or live in the same neighborhood. Unlike banks or savings and loans, credit unions are owned and operated by their members. Depending on the size of a credit union, they may offer their membership many of the services available at a bank or savings and loan such as checking accounts, mortgage loans, ATM cards, or credit cards. A credit union's primary function is to serve its members. As not-for-profit financial institutions, credit unions return all their profits to their members in the form of dividends on savings, lower loan rates and reduced service fees.

Currency Exchanges differ from financial institutions. The primary difference between a currency exchange and the financial institutions is **currency exchanges do not maintain client accounts** and charge fees for banking services.

Activity:

Introduce the financial institution representative. Ask the financial institution representative to give the name and location of the financial institution, and lead a conversation with students discussing what they already know about banking.

Read ***Alexander, Who Used to Be Rich Last Sunday*** *(either the financial institution representative or the teacher)*. After reading the book, show the front cover and point out that Alexander's pockets are empty. Discuss what Alexander could have done with the money he received besides spend it. Lead students to the conclusion that Alexander could have opened a savings account to save for the walkie-talkie he really, really wanted.

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Explain that a savings account is an agreement between a financial institution and an individual. The individual places his or her money with the financial institution. In exchange, the financial institution provides safekeeping and pays the individual a fee called interest. Also, explain the process of opening a savings account at your financial institution and how to keep records in a savings account passbook.

Have students fill out an application for opening a savings account. Send home the permission slip and letter explaining the program along with the completed application. Inform students about upcoming "Bank Days" and encourage them to begin saving now so they can make deposits all through the year.

Lesson reference to the Missouri Council on Economic Education.